

Message Text

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ACTION NEA-10

INFO OCT-01 ARA-06 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-05 NSAE-00 RSC-01 TRSE-00 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

STR-01 CEA-01 L-02 H-01 FEA-01 /076 W
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R 170526Z DEC 74

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 1753

INFO AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY BRASILIA

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY MANAMA

AMEMBASSY TEHRAN

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

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E.O. 11652: N/A

TAGS: EALR, EINV, EFIN KU, BR

SUBJECT: BRZIL SEEKS \$1 BILLION FROM KUWAIT

BEGIN UNCLASSIFIED

1. HIGH LEVEL BRAZILIAN DELEGATION BEGAN TALKS HERE DECEMBER
15 GOK AND MEMBERS KUWAIT FINANCIAL COMMUNITY. BRAZILIANS
SEEKING SOME \$1 BILLION IN FINANCING FOR VARIOUS PROJECTS.
TEAM'S VISIT FOLLOWS CLOSELY THAT OF BRAZILIAN DELEGATION LED
BY PLANNING AND ENERGY AND MINES MINISTERS. NEW MISSION INCLUDES
REPS OF BRAZILIAN FOREIGN MINISTRY, CENTRAL AND ECONOMIC DEVELOP-
MENT BANKS AND STATE OIL ENTERPRISE. APPARENTLY KUWAITIS AND
BRAZILIANS HOPE TO HAVE \$1 BILLION FINANCIAL PACKAGE READY FOR
SIGNATURE IN TIME FOR VISIT TO BRAZIL EARLY NEXT YEAR OF KUWAIT

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FOREIGN MINISTER SABAH AL-AHMAD.

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2. COMMENT: THE ATMOSPHERE IN FINANCIAL COMMUNITY HERE IS THAT GOK PREPARED TO MAKE MAJOR INVESTMENT AND FINANCIAL COMMITMENT IN BRAZIL. MOREOVER, KUWAITIS, AT LEAST, BELIEVE BRAZILIANS WILLING GO SOME WAY TO OPEN NEW CHANNEL OF INVESTMENT. FOR EXAMPLE, IN RECENT \$25 MILLION BRAZILIAN BOND ISSUE PUT TOGETHER BY KUWAIT INVESTMENT COMPANY, ARAB FINANCE CORPORATION AND INTRA INVESTMENT COMPANY (LATTER TWO BASED IN BEIRUT BUT WITH KUWAITI INTERESTS INVOLVED), BRAZILIANS WERE WILLING PAY SLIGHTLY HIGHER INTEREST RATE, IN EFFECT, TO SECURE FINANCING.

3. KUWAITI-BRAZILIAN FINANCIAL INTERCOURSE, IS ALSO SIGNIFICANT, WE BELIEVE, BECAUSE IT AMOUNTS TO THE FIRST SIGNIFICANT KUWAITI PLUNGE INTO LATIN AMERICA, THE ONE MAJOR GEOGRAPHICAL REGION WHERE, TO DATE, THEY HAVE BEEN LARGELY ABSENT. FYI KIC DID PREVIOUSLY HAVE AN INVESTMENT IN URUGUAY, BUT IT WENT SOUR. END FYI. GOK APPEARS ON VERGE EXTENDING AID TO GUYANA AND, IN PRINCIPLE TO OTHER NEEDY LATIN AMERICAN STATES, THOUGH AS A GROUP THEY HAVE LOW PRIORITY FOR KUWAITIS. INTER-AMERICAN DEVELOPMENT BANK REP HAS BEEN TRYING CONVINCING GOK TO JOIN BANK, BUT THIS IS, WE THINK, UNLIKELY TO HAPPEN IN NEAR FUTURE. GOK WILL CONTINUE TO BE WARY OF POLITICAL RISKS, AND INVESTMENTS IN CHILE, URUGUAY AND ARGENTINA AS WELL AS CERTAIN OTHER LA COUNTRIES IN NEAR FUTURE QUITE UNLIKELY.

4. NEVERTHELESS, KUWAITIS DO NOW SEEM PREPARED TO INVEST IN SELECTED LATIN NATIONS, AND WE ANTICIPATE THAT OVER NEAR TERM FOCUS WILL BE ON BRAZIL. MOREOVER, POSSIBILITY EXISTS THAT OIL AND/OR REFINED PETROLEUM WILL BE INVOLVED, ALTHOUGH WE CANNOT YET SAY EXACTLY HOW OR AT WHAT PRICES.
STOLTZFUS

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